CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three months ended June 30, 2012

(Unaudited)

Canadian Museum for Human Rights
Musée canadien pour les droits de la personne

Canada

Canadian Museum for Human Rights

Quarterly Financial Report

For the three months ended June 30, 2012

The quarterly financial statements for the Canadian Museum for Human Rights (CMHR) (the Corporation) must be read in conjunction with the March 31, 2012 Management Discussion and Analysis and Annual Audited Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Refer to Management's Discussion and Analysis as presented in the March 31, 2012 Annual Report. Updates for the quarter ended June 30, 2012 are as follows.

Statement of Financial Position: June 30, 2012

Total Assets increased $3.6 million from $283.3 million at March 31, 2012 to $286.9 million at June 30, 2012 due to the increase in Assets under construction offset by the use of Restricted cash and cash equivalents and Restricted investments that reflects the continued investment in the construction of the museum building and the design of the exhibits.

Total Liabilities and Net Assets increased $3.6 million from March 31, 2012 due to an increase in Accounts payable and accrued liabilities due to timing of cash flows.

Net assets increased by $0.2 million from March 31, 2012 representing the $0.1 million revenue over expenses and $0.1 million net remeasurement gain on investments reclassified to Deferred contributions.

Statement of Operations: For the three months ended June 30, 2012

Parliamentary appropriations were $2.9 million for the three months ended June 30, 2012 in comparison to $2.1 million for the three months ended June 30, 2011 due to a difference in the timing of the requests for appropriations.

Expenses for the three months ended June 30, 2012 were $2.8 million in comparison to $2.5 million for the three months ended June 30, 2011. The increase in expenses is mainly attributable to an increase in professional services to assist with and monitor operational readiness and an increase in salaries primarily in the Museum content and program area.

Cash Flow: For the three months ended June 30, 2012

Cash and cash equivalents decreased by $4.9 million in the three months ended June 30, 2012 primarily due to $14.1 million used for construction offset by $8.2 million realized from the sale of investments. This is compared to the decrease in cash and cash equivalents of $1.6 million in the three months ended June 30, 2011 primarily due to the timing of the receipt of operational appropriations.

Outlook and Risk Analysis:

Management continues to monitor risks and strategies related to the Capital Project. The building will be on track for substantial completion by year-end and 100% of the base building has now been tendered.

The Museum continues to work towards inauguration in 2014, as announced at the Museum's Annual Public Meeting in December 2011, and has aligned project and work plans accordingly. CMHR along with the continued commitment from the Friends of the CMHR were able to secure a $35 million loan guarantee from the Province of Manitoba. This commitment, together with the support of the Government of Canada, the City of Winnipeg and the leadership of the private sector, has helped enable the Museum to confirm timeline for the 2014 Inauguration.

STATEMENT OF MANAGEMENT RESPONSIBILTY BY SENIOR OFFICIALS

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.

Stuart Murray, President & Chief Executive Officer

Winnipeg, Canada
August 22, 2012

Susanne Robertson, CA, Chief Financial Officer

Winnipeg, Canada
August 22, 2012

Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three months ended June 30, 2012

(Unaudited)

Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	June 30, 2012	March 31, 2012
Assets		
Current assets:		
Cash	$ 5,170	$ 4,972
Restricted cash and cash equivalents (note 3)	13,402	18,523
Restricted investments (note 3)	4,658	12,931
Accounts receivable	642	1,358
Prepaid expenses and other assets	230	226
Holdback account (note 4)	10,904	9,884
	35,006	47,894
Capital assets (note 5):		
Assets in use	8,270	7,985
Assets under construction	243,614	227,464
Total Assets	$ 286,890	$ 283,343
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 13,063	$ 11,166
Holdback account (note 4)	10,904	9,884
	23,967	21,050
Deferred contributions (note 6)	7,638	23,691
Deferred contributions related to capital assets (note 7)	246,905	230,470
Employee future benefits	193	193
	254,736	254,354
Net assets:		
Unrestricted	3,366	3,263
Invested in capital assets (note 9)	4,979	4,979
Accumulated remeasurement gains and losses	(158)	(303)
	8,187	7,939
Contractual obligations (note 10)		
Total Liabilities and Net Assets	$ 286,890	$ 283,343

The accompanying notes form an integral part of the financial statements.

Canadian Museum for Human Rights

Statement of Operations

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	2012	2011
Revenue:		
Other income	$ 7	$ 15
Total revenue	7	15
Expenses:		
Museum content and program	1,147	1,046
Permanent building and temporary accommodation	348	301
Stewardship and corporate management	1,283	1,120
Total expenses	2,778	2,467
Excess of expenses over revenue before parliamentary appropriations	(2,771)	(2,452)
Parliamentary appropriations (note 8)	2,874	2,095
Excess of revenue over expenses (expenses over revenue) after parliamentary appropriations	$ 103	$ (357)

The accompanying notes form an integral part of the financial statements.

Statement of Remeasurement Gains and Losses

(Unaudited) (In thousands of dollars)

Three months ended June 30,	2012	2011
Accumulated remeasurement gains and losses, beginning of period	$ (303)	$ -
Accumulated unrealized loss reclassified from deferred contributions	-	(498)
Unrealized gains (losses) attributable to:		
Foreign exchange	28	(25)
Investments	(87)	(347)
Amounts reclassified to the Statement of Operations:		
Foreign exchange	11	-
Amounts reclassified to deferred contributions:		
Investments	193	191
Net remeasurement gain (loss) for the period	145	(679)
Accumulated remeasurement gains and losses, end of period	$ (158)	$ (679)

The accompanying notes form an integral part of the financial statements.

Canadian Museum for Human Rights

Statement of Changes in Net Assets

(Unaudited)

(In thousands of dollars)

For the three months ended	Unrestricted	Invested in capital assets	Accumulated remeasure-ment gains and losses	June 30, 2012	June 30, 2011
Net assets, beginning of period	$ 3,263	$ 4,979	$ (303)	$ 7,939	$ 8,308
Excess of revenue over expenses (expenses over revenue) after parliamentary appropriations	103	-	-	103	(357)
Net change in accumulated remeasurement gains and losses	-	-	145	145	(679)
Net assets, end of period	$ 3,366	$ 4,979	$ (158)	$ 8,187	$ 7,272

The accompanying notes form an integral part of the financial statements.

Canadian Museum for Human Rights

Statement of Cash Flows

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	2012	2011
Operating activities:		
Cash receipts (parliamentary appropriations)	$ 2,893	$ 1,477
Cash receipts (other income)	8	11
Cash payments to and on behalf of employees	(1,800)	(1,665)
Cash payments to suppliers	(381)	(1,478)
	720	(1,655)
Capital activities:		
Acquisition of assets under construction	(14,149)	(27,718)
Acquisition of assets in use	(948)	(97)
	(15,097)	(27,815)
Investing activities:		
Proceeds from disposals and redemptions of investments	8,187	14,013
Investments	-	(10,689)
Revaluation of US currency	37	(25)
	8,224	3,299
Financing activities:		
Parliamentary appropriation for the acquisition of capital assets in use	366	121
Government of Canada funding for assets under construction and related investment income	278	3,658
Contributions from non-government sources for assets under construction and related investment income	586	20,831
	1,230	24,610
Decrease in cash and cash equivalents	(4,923)	(1,561)
Cash and cash equivalents, beginning of period		
Operating cash	4,972	4,356
Restricted cash and cash equivalents	18,523	31,083
	23,495	35,439
Cash and cash equivalents, end of period		
Operating cash	5,170	2,729
Restricted cash and cash equivalents	13,402	31,149
	$ 18,572	$ 33,878

The accompanying notes form an integral part of the financial statements.

1. **Authority and mandate:**

The Canadian Museum for Human Rights (the "Corporation") was established through amendments to the *Museums Act* on August 10, 2008 and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is not subject to income tax under the provisions of the *Income Tax Act*.

The Canadian Museum for Human Rights reports to Parliament through the Minister of Canadian Heritage and Official Languages.

The mandate, as stated in the amendments to the *Museums Act*, is as follows:

> *"to explore the subject of human rights, with special but not exclusive reference to Canada, in order to enhance the public's understanding of human rights, to promote respect for others and to encourage reflection and dialogue."*

2. **Significant accounting policies:**

The interim financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The same accounting policies and methods of computation are followed in the quarterly financial statements as compared to the March 31, 2012 Annual Audited Financial Statements.

3. Restricted cash, cash equivalents and investments:

Restricted cash, cash equivalents and investments are restricted for use in the Capital Project and arise from contributions received from non-government entities, assistance from other governments and Parliamentary appropriations.

	June 30, 2012				March 31, 2012	
	Cost	Unrealized losses	Interest receivable	Fair value	Cost	Fair value
Restricted cash	$ 631	$ (18)	-	$ 613	$ 901	$ 863
Cash equivalents						
Government of Canada T-bills	6,049	-	3	6,052	4,635	4,653
Provincial T-bills	3,366	-	4	3,370	11,768	11,779
Promissory Notes	3,363	-	4	3,367	1,227	1,228
Sub-total – Cash equivalents	12,778	-	11	12,789	17,630	17,660
Sub-total – Cash and cash equivalents	13,409	(18)	11	13,402	18,531	18,523
Investments						
Corporate Bonds	4,842	(184)	-	4,658	13,221	12,931
Sub-total - Investments	4,842	(184)	-	4,658	13,221	12,931
	$ 18,251	$ (202)	$ 11	$ 18,060	$ 31,752	$ 31,454

The change in restricted cash, cash equivalents and investments is comprised of the following:

Three months ended	June 30, 2012
Balance, beginning of period	$ 31,454
Add contributions received during the period	500
Change in deferred bond interest receivable	75
Add deferred interest income	149
Less deferred realized loss on investments	(193)
Add unrealized gain on cash	20
Add unrealized gain on investments	106
Less amounts used to purchase capital assets	(14,051)
Balance, end of period	$ 18,060

4. Holdback cash account:

In accordance with the construction contract for the Museum building and the *Builder's Lien Act* of Manitoba, the Corporation is required to holdback 7.5% of progress billings. These amounts are restricted in nature and recorded as an asset and liability. The restricted funds will be paid out upon certified completion of the subcontracts in accordance with the *Builder's Lien Act* of Manitoba. The total holdback cash account balance and related liability at June 30, 2012 was $10.9 million (March 31, 2012 - $9.9 million).

5. Capital assets:

	June 30, 2012			March 31, 2012
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 4,979	$ -	$ 4,979	$ 4,979
Computer equipment, hardware and software	3,490	272	3,218	2,911
Leasehold improvements	563	545	18	27
Furniture and equipment	152	97	55	68
Website development	57	57	-	-
Sub-total – Assets in use	9,241	971	8,270	7,985
Assets under construction	243,614	-	243,614	227,464
	$ 252,855	$ 971	$ 251,884	$ 235,449

The amortization expense for the three months ended June 30, 2012 is $81 (Three months ended June 30, 2011 - $91).

Assets under construction represent costs incurred for the development and construction of the Capital Project. The assets under construction are comprised of the following costs incurred to date:

	June 30, 2012	March 31, 2012
Building design and construction	$ 235,524	$ 219,732
Exhibit design	8,090	7,732
	$ 243,614	$ 227,464

6. Deferred contributions:

Government of Canada Parliamentary appropriations and contributions received from non-government entities and other governments that are restricted for use are recorded in Deferred contributions and are transferred to Deferred contributions related to capital assets as the funds are used for the Capital Project.

Deferred contributions recorded by the Corporation are as follows:

	June 30, 2012	March 31, 2012
Deferred contributions from the Government of Canada restricted for use in the Capital Project	$ 4,177	$ 9,961
Deferred contributions from non-government and other government sources restricted for use in the Capital Project	3,461	13,730
Deferred contributions	$ 7,638	$ 23,691

Changes in the deferred contributions balance during the period were as follows:

Three months ended	June 30, 2012
Balance, beginning of period	$ 23,691
Less deferred investment loss	(44)
Less amounts transferred to deferred contributions related to capital assets:	
Government of Canada funding	(5,763)
Capital contributions from Friends of CMHR	(10,246)
Balance, end of period	$ 7,638

7. Deferred contributions related to capital assets:

(a) Deferred contributions related to capital assets is composed of:

	June 30, 2012	March 31, 2012
Deferred contributions for assets under construction - Government of Canada	$ 99,001	$ 93,097
Deferred contributions for equipment subject to amortization - Government of Canada	3,291	3,006
Deferred contributions - Province of Manitoba	41,356	41,356
Deferred contributions - City of Winnipeg	16,971	16,971
Deferred contributions - Friends of CMHR	86,286	76,040
	$ 246,905	$ 230,470

7. Deferred contributions related to capital assets (continued):

(a) Deferred contributions related to capital assets is composed of (continued):

i) Government of Canada – Parliamentary appropriations:

Deferred contributions represent the unamortized portion of parliamentary appropriations from the Government of Canada used to pay for assets under construction and equipment subject to amortization. Deferred contributions are recognized as parliamentary appropriation revenue on the same basis and over the same periods as the related capital asset is amortized.

ii) Assistance from other governments:

Deferred contributions represent the unamortized portion of assistance from other governments used to pay for assets under construction. Deferred contributions are recognized as revenue on the same basis and over the same periods as the related capital asset is amortized.

iii) Deferred contributions (from non-government sources):

Deferred contributions (from non-government sources) represent the unamortized portion of contributions used to pay for assets under construction. Deferred contributions are recognized as contribution revenue on the same basis and over the same periods as the related capital asset is amortized.

(b) Changes in the deferred contributions related to capital assets are composed of:

Three months ended	June 30, 2012
Balance, beginning of period	$ 230,470
Government contributions:	
Government of Canada funding transferred from deferred contributions	5,763
Other Government of Canada assistance	507
Non-government contributions:	
Capital contributions from Friends of CMHR transferred from deferred contributions	10,246
Amortization of deferred contributions related to capital assets:	
Government of Canada	(81)
Balance, end of period	$ 246,905

8. **Parliamentary appropriations:**

Three months ended	June 30, 2012	June 30, 2011
Main estimates amount provided for operating and capital expenditures	$ 3,300	$ 2,250
Amounts used to purchase capital assets	(507)	(246)
Amortization of deferred contributions related to capital assets – Government of Canada	81	91
	$ 2,874	$ 2,095

9. **Net assets invested in capital assets:**

The net investment in capital assets consists of the land donated by the City of Winnipeg and The Forks Renewal Corporation as follows:

	June 30, 2012	March 31, 2012
Capital assets	$ 251,884	$ 235,449
Less amounts financed by deferred contributions related to capital assets	(246,905)	(230,470)
	$ 4,979	$ 4,979

10. **Contractual obligations:**

In addition to the commitments as at March 31, 2012, the Corporation entered into additional long-term contracts for $1.1 million relating to construction services for the Capital Project which will require payment within one year.

11. **Comparative figures:**

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.